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CHARLES ELMORE GROPLEY
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IN THE
Supreme Court of the United States

OCTOBER TERM, 1943.

No. 924

DENTAL PRODUCTS COMPANY, INC.,
Petitioner,

vs.

ARTHUR E. SMITH,
Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR A
WRIT OF CERTIORARI TO THE CIRCUIT COURT OF APPEALS
FOR THE SEVENTH CIRCUIT.

JAMES R. McKNIGHT,
Counsel for Respondent.







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THIS COURT DENIED PETITIONS FOR WRITS OF CERTIORARI IN THE TWO CASES CITED BY THE CIRCUIT COURT OF APPEALS AS A BASIS FOR ITS DECISION IN THIS CASE.

The decision of the Circuit Court of Appeals herein was properly based on the precedents established in *Lawrence-Williams Co. v. Societe Gombault*, 22 Fed. 2nd 512 (C. C. A. 6) and *Morand Bros. v. Chippewa Springs Corp.*, 2 Fed. 2nd 237 (C. C. A. 7). A petition for a writ of certiorari was filed in each of these cases and was denied by this Court in *Lawrence-Williams Co. v. Societe Gombault* in 279 U. S. 619 and in *Chippewa Springs Corp. v. Morand Bros.* in 267 U. S. 592.

Likewise in the case at bar the petition for writ of certiorari should be denied.

Supplemental Statement of the Matter Involved.

This is a trade-mark infringement and unfair competition case in which the decision of the Circuit Court of Appeals for the Seventh Circuit is based on the particular facts involved herein. These facts include the previous contractual and trustee relationship between the parties, the admitted assignments of trade-mark registrations involved herein from the petitioner to the respondent and the many estoppels binding the petitioner.

Petitioner's statement of the matter involved is inaccurate, colored and omits pertinent data. The following is added for clarification of petitioner's statement.

Respondent is a dentist and oral surgeon. (R. 376.) In 1914 he began his work on the technique of nerve blocking. (R. 377, 665.) Because the work was new he created new instruments and medicaments, (R. 214, 232, 377) the use of which he demonstrated in his lectures before practically every dental society and university in the United States. (R. 377-8, 665.)

The thousands of dentists who attended these classes wanted Dr. Smith's instruments and medicaments for use in their practice. (R. 232, 268, 283, 287, 368, 375, 381.) They could not be purchased on the market. (R. 232, 268, 283, 287, 368, 375.) In order to supply this demand Dr. Smith had these items manufactured. (R. 377-380.) He coined, adopted, and was the first user of the trade-marks Conducto and Denpro which he places on these goods. (R. 216, 232-3, 352, 356, 380, 665.) He then supplied the ever increasing demand of the profession for these dental products. (R. 178, 214, 231, 268, 285, 357, 361, 366, 374-5, 378-383, 399, 502.)

The sales of said products were on a national scale, substantial, extensive and continuous, and established Dr. Smith as the source of origin of products bearing the

trade-marks Conducto and Denpro. (R. 368, 373, 374, 381, 383, 397, 399.) Purchasers, including dentists and dealers, associated the trade-marks Conducto and Denpro with Dr. Smith. (R. 255, 263, 308, 368, 373, 374.) Many dealers in dental products, who testified as petitioner's witnesses, admitted that they have always associated Conducto with Dr. Smith. (R. 415, 416, 420, 426, 445-6, 479, 491, 498, 499, 532, 540-1, 546.)

In 1917 the defendant Dental Products Company sought out Dr. Smith (R. 387) desiring to handle his new Conducto and Denpro products. (R. 362.)

In 1918 Dr. Smith and Dental Products Company entered into an agreement whereby for certain royalties the latter was to make dental products in accordance with Dr. Smith's specifications and to sell them under "the trade-marks of the first party" (Dr. Smith) and under his name and supervision. (Respondent's Exhibit 81, R. 602-609, 666, 387.) All products and advertisements were to bear "Suggested by Dr. Arthur E. Smith" or "Designed by Dr. Arthur E. Smith." (R. 605, 666, Respondent's Exhibit 81.)

The second agreement between the parties executed in 1922 merely set new payments, and continued the 1918 agreement in full force and effect. (R. 387, 609-11, Respondent's Exhibit 82.)

The third agreement between the parties, executed in 1930 and admitted in petitioner's answer, (R. 10-11) provided that Dental Products Company may manufacture and sell certain articles to be sold under the name Arthur E. Smith, or under his trade names and trade-marks. (R. 387, 612, 666, Respondent's Exhibit 83.) The agreement specifically mentioned certain Conducto items, continued the provision that the goods and advertisements be marked "Suggested" or "Designed by Arthur E. Smith,

M. D., D. D. S." and required that Dr. Smith should pass on all labels and advertisements. (R. 612, 614, Respondent's Exhibit 83.)

Dental Products Company makes no claim to use of the trade-mark Conducto prior to Dr. Smith. (R. 362, 400, 550, 565.) Petitioner admits in page 3 of the Petition that it did not use Denpro as a trade-mark before 1925 but claims to have used the abbreviation Den.Pro.Co. at an early date. Their past president disposed of this by testifying "it was not a trade-mark." (R. 550.)

Dr. Smith fully complied with his part of the agreements, cooperated in every way, spent considerable time at the factory of Dental Products Company, designed cartons, prepared descriptive matter and supervised the labels and products. (R. 390, 400, 408, 580.)

During the existence of the agreements between the parties, Dr. Smith filed an application in the United States Patent Office to register his trade-mark Conducto Unitube. (R. 388.) This application was rejected on two prior registrations of Conducto, which Dr. Smith then learned had been taken out without his knowledge by the Dental Products Company. (R. 388.) Dr. Smith immediately demanded an assignment of these trade-mark registrations. (R. 743, 745, Respondent's Exhibits 78 and 2.) Recognizing Dr. Smith's rights in the trade-mark Conducto and the registrations therefor, Dental Products Company then executed on February 13, 1928, an assignment to Dr. Smith of the trade-mark Conducto and the two registrations 134,927 and 133,115 therefor, which was recorded in the United States Patent Office in Liber P 133, page 182, on February 18, 1928, as admitted in paragraph 6 of petitioner's. (R. 10, 388, 395, 666, Respondent's Exhibit 79.)

The rejection of Dr. Smith's application for registration of his trade-mark Conducto Unitube was then with-

drawn and certificate of registration No. 261,147 issued to him on September 17, 1929. (R. 386, 666, Respondent's Exhibit 1.)

Because of breach of contract, the agreement between Dr. Smith and the Dental Products Company was cancelled on February 10, 1935. (R. 394, 617, 666.) This cancellation is admitted in paragraph 11 of defendants' answer. (R. 11.)

After the cancellation of the contract, Dental Products Company continued to sell Conducto, Conducto Unitube and Denpro products. (R. 391, 556.) Dr. Frame, the former president of Dental Products Company, first testified that his company had sold Conducto products "up to 1935" then later admitted that "the trade-mark has been used since that time." (R. 556.)

Petitioner made no claim to the trade-marks Conducto and Conducto Unitube in its answer, but did claim ownership of the trade-mark Denpro. (R. 9-13.)

On March 1, 1935, Dental Products Company began emphasizing Denpro and minimizing Conducto in their catalog (R. 528), and in their packages. (R. 88-90, Respondent's Exhibits 14, 16, 18, 23, 108, 115, 117, 118.)

The scroll that had accompanied Conducto was retained in the use of Denpro. (R. 543, Respondent's Exhibits 122 and 123.) That scroll had been used by Dr. Smith on his products in demonstrating before his classes in 1914-1918. (R. 403, Respondent's Exhibit 49.) The design of the original package which Dr. Smith had created was followed even to the color scheme. (R. 390, 400, 543, Respondent's Exhibits 122 and 123.)

Whenever purchasers ordered Conducto items Denpro products were palmed off. (R. 102, 157, 52, 53, 543.) Respondent's Exhibits 31, 53 and 54 shows Denpro tubes of surgical dressing which were packed and sent in Conducto

cartons. (R. 102, 157.) When Conducto Unitubes were ordered, Denpro Unitubes were furnished. (R. 52, 53.) Petitioner's own dealers testified that when Conducto was ordered, they supplied Denpro. (R. 322, 429, 430, 456, 501, 542-44.) These sales directly infringed respondent's trade-mark Denpro, and were also acts of unfair competition in palming off Denpro products as and for Dr. Smith's Conducto products.

Subsequent to the cancellation of the contract in 1935, Dr. Smith personally continued sales of his Conducto, Conducto Unitube and Denpro medicaments and instruments. (R. 394-97.) Denpro was registered by Dr. Smith in the United States Patent Office as registration 328,935 without objection or opposition by petitioner. (R. 386, 666, Respondent's Exhibit 4.) Many witnesses testified to purchases of Conducto, Conducto Unitube and Denpro dental products from Dr. Smith from 1935 up to the date of the trial herein. (R. 141, 146, 147, 149, 150, 157-60, 175, 198, 305-308, 335-7 and 666, Respondent's Exhibits 50, 57, 58, 64, 65, 67, 70, 71, 72, 73, 75.)

ARGUMENT.

The Petition Presents No Reviewable Question.

There is no reviewable question of fact or law presented in the petition. The petition represents an attempt on the part of petitioner to avoid the decision below by trying to raise issues not involved in this proceeding.

This Court accepts the facts as found below, and will not review the weight of the evidence. *Williams Company v. Shoe Machinery Corp.*, 316 U. S. 364, 367.

The decision of the Circuit Court of Appeals was based on well settled principles of law, applicable to the facts as found. The precedents included *Lawrence Williams v. Societe Gombault*, 22 Fed. 2nd 512 (C. C. A. 6), *Morand Bros. v. Chippewa Springs Corp.*, 2 Fed. 2nd 237 (C. C. A. 7), *U. S. Ozone Co. v. U. S. Ozone Co.*, 62 Fed. 2nd 881 (C. C. A. 7), *Hicks v. Anchor Packing Co.*, 16 Fed. 2nd 723 (C. C. A. 3) and *Ritz Cycle Car Co. v. Driggs*, 237 Fed. 125 (S. D. N. Y.), and involved thorough consideration of the cases urged by petitioner, *Hanover v. Metcalf*, 240 U. S. 403, *United Drug v. Rectanus*, 248 U. S. 90 and *MacWilliam v. President Suspender*, 46 App. D. C. 45.

Petitioner's lengthy and confused argument in criticism is without merit and has been created solely as a vehicle to this Court.

Brief response is hereinafter made to the four alleged questions of the petition:

I.

Petitioner's claim in its first question that respondent was not the owner of an existing business is without basis. When petitioner urged that because respondent was a dentist that he had no place of business and therefore no

business, the Circuit Court of Appeals for the Seventh Circuit correctly called this argument "illogical". (R. 777.)

Dr. Smith did have a business and continued the business by contractual relationship with the petitioner. Never did Dr. Smith make any transfer of his business or assignment of this trade mark to petitioner. Never did Dr. Smith abandon any of his trade-marks. By these contracts Dental Products Company recognized that Dr. Smith was and would remain the owner of the trade-marks. The contract created Dental Products Company as a mere agent or trustee of Dr. Smith, and when Dental Products Company breached the contract and became an infringer, it was in effect a trustee *ex malificio*. Dental Products Company acquired no rights of ownership to the trade-marks by contract, and certainly could acquire no rights after breach of the contract by infringement.

In addition to the estoppel by the contractual relationship between the parties, Dental Products Company actually assigned the registrations involved in this suit on Conducto so that Dr. Smith could obtain registration of Conducto Unitube. This is an estoppel by assignment, which petitioner has admitted in the record. (R. 10.) There are other estoppels by conduct, binding on the Dental Products Company, needless to go into.

Hanover v. Metcalf, 240 U. S. 403, and *United Drug v. Rectanus*, 248 U. S. 90 were cited and discussed at length by the Circuit Court of Appeals. (R. 776, 781.) These cases and the others cited by petitioner are not pertinent because there always has been an existing business and the marks have not been assigned or used apart from this business.

The decision of the Circuit Court of Appeals herein was properly based on *Lawrence Williams Co. v. Societe Gombault*, 22 Fed. 2nd 512 (C. C. A. 6) and *Morand Bros. v. Chippewa Springs Corp.*, 2 Fed. 2nd 237 (C. C. A. 7). It

is important to note that both of these cases set forth facts of contractual relationship and estoppel similar in general to the particular facts of the case at bar.

II.

The second question raised by petitioner cannot be an issue in this case, because respondent's trade-mark Denpro is not an appropriation of a portion of Dental Products Company, the name of petitioner. Petitioner's name is not Denpro Products Company; it is Dental Products Company. The issue fails as not based on fact.

Petitioner did not claim in its pleadings, either in its answer or counterclaim (R. 9-13) that respondent had made an appropriation of its name. There never was any proof of such a claim. The issue has never been raised before and there is no basis for its interpolation now.

Furthermore in *American Steel Foundries v. Robertson*, 269 U. S. 372, cited by petitioner, this Court held that registration of the trade-mark Simplex for brakes should not be denied, because of the prior existence of a corporation entitled Simplex Electric Heating Company.

Following the holding in this case Denpro would not be denied registration because the corporate title of the petitioner was Dental Products Company. Dr. Smith's registration 328,935 of Denpro was unopposed in the Patent Office by petitioner. The use on which this registration is based dates back to 1914, years prior to the incorporation of Dental Products Company and its isolated and not continued use of the abbreviation Den.Pro.Co. The proofs show that Dr. Smith coined Denpro from dental profession. (R. 380.) The dental profession and the dental dealers, including petitioner's dealers, have always associated Denpro with Dr. Smith. (R. 263, 308, 367-8, 373-4, 415-6, 420, 430, 479, 498-9.) Under these circumstances it cannot be

seriously urged that respondent's trade-mark Denpro is a partial appropriation of Dental Products Company. There is no such issue, either in fact or law.

III.

The third question raised by petitioner is not an issue in this case. The contracts between the parties hereto could not be construed by any stretch of the imagination to extend any patent monopoly. Furthermore, this is not a suit for breach of contract. This is a pure case of trade-mark infringement and unfair competition. No patents are before this Court.

Dr. Smith's trade marks Conducto, and Denpro were used by him on his syringes, intra-osseous instruments, surgical dressings, needles, ampules, unitubes, and anesthesia tablets, and other instruments and medicaments. At the time of the first agreement with Dental Products Company in 1918 some of these products were patented and others were not patented. Many never were patented. Neither of the trade-marks Conducto or Denpro ever became generic as indicating a definite patented product.

Petitioner urges the doctrine of *Singer v. June*, 163 U. S. 169 and *Kellogg v. National Biscuit*, 305 U. S. 111.

These cases and those following it held that a trade-mark which has become the generic name for a patented article is open to use in describing the patented article after the patent has expired. But the trade-mark must be the generic name of the article and this fact must be proved. The trade-marks Conducto and Denpro in this case are not the generic names of the tablets or of the syringes or of the intraosseous instruments or any other patented article. A case in point is that of *Enders Razor Co. v. Christy*, 85 Fed. (2nd) 195 (C. C. A. 6), where the Court said:

"If the name 'Keen Kutter' is a generic descrip-

tion of the razor and the blades, then it is also a generic designation for knives, saws, hatchets, etc.

* * * One might conceivably have gone to a retail store and asked for a 'Singer' during the life of the Singer patents and immediately been shown a sewing machine; but if he had asked for a 'Keen Kutter,' the salesman would be compelled to ask whether the customer wanted a knife, a saw, a razor, seissors, or some other Simmons product."

Similarly, in this case, if one were to go to a dental supply house either now or during the life of any or all of the patents and ask for a "Conducto," or a "Denpro" the salesman would be compelled to ask whether the customer wanted anesthetic tablets, a syringe, ampules, surgical dressing, intraosseous instruments or other dental supplies. The trade-marks Conducto and Denpro have not become the generic names of any patented article or articles.

Petitioner cites the case of *President Suspender Co. v. McWilliam*, 238 Fed. 159 (C. C. A. 2). In that case, the Court said:

"It is to be observed that the doctrine of the Singer cases rests upon the fact that the name has come to indicate the invention and thus constituted its generic description. The fact that the name 'President' has come to indicate the invention and constitutes its generic description is one of fact, to be proved by evidence. * * * There is no presumption of law, without proof of the fact as above indicated, that a name used on a patented article passes to the public on the expiration of the patent."

The Court then held that in the absence of such proof, the Singer case could not apply.

In the case at bar there has been no proof whatsoever offered by defendants to show that Conducto or Denpro have become the generic names of any one or more patented articles.

Petitioner's digression that *McWilliam v. President Suspendor*, 46 App. D. C. 45 discloses a contractual relationship similar to that between the parties hereto is incorrect, because in that case there was an outright assignment of the business and the trade mark. (R. 781.)

The lengthy argument on pages 27-33 of petitioner's brief is beyond belief. It in effect claims that in giving respondent relief against petitioner's trade-mark infringement and unfair competition, the Circuit Court of Appeals extended respondent's patent monopoly. This is not true. No patents are involved. Petitioner is not restrained from infringing any of respondent's patents. Petitioner is free to make and sell instruments and medicaments provided it does not compete unfairly with respondent and use respondent's trade-marks.

The cases cited are entirely impertinent to this case and need no further discussion.

IV.

Petitioner claims as its fourth issue that the public is injured by the decision of the Circuit Court of Appeals for the Seventh Circuit.

Petitioner says that the public is not deceived by its acts of trade-mark infringement and unfair competition. This is not true. When petitioner used respondent's trade-marks, the public and the profession were deceived in thinking they were buying the products which they associated with Dr. Smith. When Dental Products Company sold dental products to its customers and they thought they were buying products supervised by Dr. Smith they were deceived. There is no doubt of the continuing likelihood of confusion.

Petitioner claims that it has not appropriated anything belonging to respondent during the past six years or so

which it did not already own by virtue of use long prior to that time. In other words petitioner claims to own what it once was licensed to use. Petitioner believes that it now is the owner of respondent's trade-marks because it operated by license under them. Defendant forgets one thing. That is that its rights were contractual. Whatever it used, it used solely by license agreement with respondent. It had and could have had no adverse or independent use during the license period. Any adverse use by it after the termination of the license became an infringement of respondent's trade-marks. If petitioner's premise were true, all a licensee would have to do to acquire the property of the licensor would be to commit a breach and carry off the licensor's property as his own. No Court has ever permitted this to take place.

Petitioner claims to be bigger than respondent and to have sold a lot of merchandise. Most of the goods were sold as respondent's licensee. The trade and the profession recognized instruments and medicaments as Dr. Smith's. It is a matter of fact that petitioner became big because it sold Dr. Smith's dental supplies under license for him. Petitioner's business was built upon the use of Dr. Smith's trade-marks and name.

When the contract was terminated petitioner desired to keep on basking in the prosperity resulting from the selling of goods created and sold under respondent's trade-marks and name. The mere fact that it has been a big infringer is all the more reason why it should be restrained for respondent's protection.

Petitioner intimates that respondent wants to extinguish petitioner's business. This is not true because an injunction and an accounting protecting respondent's trade-mark rights will not deprive petitioner of making and selling dental items under any other trade-marks.

The decision of the Circuit Court of Appeals restraining petitioner's trade-mark infringement and unfair competition protects the public from buying petitioner's goods as and for respondent's goods.

Conclusion.

The only real issues in this case are whether or not Dental Products Company has infringed respondent's trade-marks and has committed acts of unfair competition. These questions have been decided adversely to petitioner, and are not such questions as would justify this Court in granting a writ.

The particular facts of the case including the assignments of registrations in issue from petitioner to respondent, the contractual relationship of the parties, and the estoppels binding petitioner have all been correctly decided. There is no reason for their review in this Court.

The decision below was based on established precedents. No conflict is shown with any decision of this Court, or any of the other Circuit Courts of Appeal. There is no public question involved.

Under the circumstances no ground appears for granting the petition, and it should be denied.

Respectfully submitted,

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Counsel for Respondent.

